

WATERLOO LABOR AGREEMENT

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AGREEMENT

This Agreement is made between IBP, Dakota Dunes, South Dakota, for its Waterloo, Iowa, plant (hereinafter referred to as the Company) and the United Food and Commercial Workers International Union AFL-CIO & CLC (hereinafter referred to as the Union), on behalf of its Local Union, 431.

ARTICLE 1 PURPOSE OF AGREEMENT

Section 1: It is the intent and purpose of the parties hereto that this Agreement shall promote and improve the industrial and economic relationships between the Company, the Union, and its members as set forth herein; and to set forth herein rates of pay, hours of work, and other conditions of employment to be observed between the parties hereto.

Section 2: It is recognized by both parties that they have mutual interest and obligation in maintaining friendly cooperation between the Company and the Union, which will permit safe, economical, and efficient operation of the plant.

ARTICLE 2 RECOGNITION

IBP, inc., hereby recognizes the United Food and Commercial Workers International Union and Local 431 as the sole and exclusive bargaining agency for employees in the bargaining unit which includes Production and Maintenance employees at the Company's Waterloo, Iowa facility, but excluding all office clerical and storeroom employees, nurses, buyers, salesman, professional employees, quality control, guards, office janitor, computer technicians, electronic technicians, knife room operators, orientation trainers, box clerk, manifestors, waste treatment operators, livestock handlers (except those included), management support positions, and supervisors, as defined in the Act.

ARTICLE 3 AUTHORIZED DUES DEDUCTIONS

Section 1: The Company will withhold from the employee's pay such amounts as he shall authorize in writing as provided by Iowa law for Union dues and the same shall be remitted to the financial secretary of the Local Union marked for deposit only.

Section 2: Neither the Union, its officers, nor its members shall intimidate or coerce employees to cause them to join the Union; nor shall the Company discourage Union membership.

Section 3: The Union agrees to indemnify and save the Company harmless against any and all claims, suits or other forms of liability arising out of the deduction of money for Union dues, assessments, and initiation fees from a member's pay.

ARTICLE 4 NON-DISCRIMINATION

The Company and the Union agree not to discriminate against any applicant or employee of the Company regardless of race, sex, color, creed, age, nationality, disability, political affiliation, veteran status, religion, or membership in the Union.

The Union recognizes the Company's obligation to make reasonable accommodation to the disability of applicants and/or employees in accordance with the Americans with Disabilities Act. In the even such an accommodation is necessary and is in conflict with any provision of this agreement, the Company and the Union shall meet to discuss such accommodation. However, no such accommodation shall result in any employee begin displaced from an owned job.

ARTICLE 5 GENDER

The use of the masculine gender in this Agreement shall be deemed to refer to persons of both sexes.

ARTICLE 6 ADDRESS AND TELEPHONE NUMBER

Each employee, whether active or inactive, shall keep the Employer advised of his current address and telephone number or contact if a telephone is not available. The mailing of a notice to the address furnished to the Employer by each employee shall be deemed to be in compliance by the Employer with any provision in this Agreement, which requires written notice to an employee.

ARTICLE 7 MANAGEMENT RIGHTS

Section 1: The management of the plant and the direction of the working force -- including the right to hire, suspend, discipline or discharge for cause; to assign to jobs; to transfer, promote or demote employees; to increase and decrease the working force; to determine job loads, production standards, and rules applicable to the employees; to determine products to be handled, produced or manufactured; the schedules of production; and the methods, processes, and means of production or handling; as well as the right to determine the qualifications and ability of employees—are vested exclusively in the Company, provided this will not be used for the purpose of discrimination against any employee or to avoid any of the provisions of this Agreement.

Section 2: Supervisors or other personnel may perform any duties that are necessary in the conduct of the business, provided they are not used to replace bargaining unit personnel on a permanent basis.

ARTICLE 8 COMPANY AND UNION RESPONSIBILITIES

Section 1: During the term of this Agreement there shall be no strike, no sympathy strike, stoppage, slowdown, deliberate withholding of production, or suspension of work on the part of the Union, its members, or any individual covered by this Agreement, or lockout on the part of the Company. In the event of a breach of this provision, the Union shall immediately declare publicly that such action is unauthorized and shall promptly order its members to resume their normal duties notwithstanding the existence of any picket line. The Union further agrees that it will in no way interfere with the business of the Company by sanctioning or conducting a boycott on the handling of goods procured from a source or destined to a point where labor controversy may exist.

Section 2: The Company shall have the right to determine the discipline given an employee or employees for breach of this Article. The severity of the discipline imposed for such violation shall not be subject to arbitration; the Union shall, however, have the right to grieve the question of fact as to whether or not an employee or employees have breached the provisions of this Article.

ARTICLE 9 BULLETIN BOARDS

A bulletin board for use by the Union shall be maintained in the plant at all times. Notices may be posted on such bulletin board for such matters as Union meetings, social affairs, recreational affairs, and Union elections and appointments. Other notices may be posted subject to the approval of the management as to their contents.

ARTICLE 10 LEAVE OF ABSENCE

Section 1: The Company may grant excused leaves of absence to employees who request same for personal reasons. Such leaves shall not be granted for the purpose of allowing an employee to take another position temporarily, try out new work, or venture into business for himself. Such leaves shall be for reasonable periods of time, as determined below. "Eligible Employee" is defined as a regular full-time employee with twelve (12) months of continuous service and has no more than five (5) points of absenteeism. Personal leaves may be granted for the following reasons.

- A.) Employee eligible for funeral pay, as described in Article 26, may request a personal leave, not to exceed five (5) consecutive working days, providing the funeral is at least five hundred (500) miles from Waterloo.

B.) All other personal leaves of absence will be granted at the discretion of management. Leaves will not typically exceed two (2) weeks.

The Company will make every effort to accommodate the "eligible employee" when said employee requests a personal leave of absence. The Company reserves the right to grant personal leaves at their discretion, taking into consideration seniority and the number of employees on approved personal leaves of absence.

Section 2: Union Leaves – Employees, not exceeding five (5), chosen by the Union to attend Union conventions and conferences, shall be granted leaves of absence upon one (1) week's advance written request to the Plant Manager, for periods not to exceed two (2) weeks. A maximum of two (2) employees from a division may be absent at the same time to attend Union conventions and conferences. Such leave shall be without pay. The Company will grant full-time Union leave without pay or benefits for two (2) employees serving as officers or employees of Local 431, and one (1) employee selected by the Union to serve in the status of International Representative. The leave granted will not exceed the period of the current labor agreement. It is understood that the employees serving as officers or employees of Local 431 shall not engage in organizing work at any IBP plant location other than Waterloo, Iowa, facility.

Section 3: Consistent with the requirements of the "Family and Medical Leave Act of 1993" and any regulations adopted by the U.S. Department of Labor as a result of that Act, Family and/or Medical leaves of absence (LOA) of up to twelve (12) weeks during any 12 month period will be granted to "eligible employees" for the following reasons only:

- A. Because of the birth of a son or daughter of the employee and in order to care for such son or daughter;
- B. Because of the placement of a son or daughter with the employee for adoption or foster care;
- C. In order to care for the spouse, son, daughter, or parent of the employee if such spouse, son, daughter, or parent has a serious health condition; or
- D. Because of a serious health condition that makes the employee unable to perform the functions of the position of such employee.

"Eligible employee" is defined as one who has been employed for at least twelve (12) months and for at least 1,250 hours of service.

Any employee requesting a Family and/or Medical LOA covered by A, B, or C above will be required to utilize all earned vacation prior to being placed on Family/Medical LOA. The length of the LOA for which the employee is entitled shall be reduced by the length of the earned vacation. If an employee and the employee's spouse are both employed by IBP, the amount of unpaid Family/Medical LOA available for both spouses combined for reasons specified in A, B, and C above will be twelve (12) weeks during any twelve (12) month period. All other terms and conditions of these leaves will be governed by the Act and implementing regulations.

Any employee requesting a LOA described in C or D above must provide sufficient certification from a health care provider of the necessity of the LOA. The Company may require a second opinion from a health care provider selected by the Company. Any employee desiring to return to work following a LOA described in D above must present certification from the employee's health care provider that the employee is able to resume work. The Company may require a second opinion from a health care provider selected by the Company. The Company will be responsible for the cost in instances where the Company requests a second opinion.

Where the need for the LOA is foreseeable, an employee requesting the LOA must notify the Company at least thirty (30) days in advance of the start date of the LOA.

Subject to the limitations of Article 18 on loss of employment, Medical LOA in excess of twelve (12) weeks for "eligible employees" or for employees who have not attained 12 months of service is available consistent with the requirements of notice and medical certification contained above.

Section 4: When a leave has been appropriately requested and granted under this Article, such employee shall retain and accumulate seniority.

ARTICLE 11 MILITARY SERVICE

RIGHT TO REEMPLOYMENT: An employee who leaves or has left a position in the employ of the Company to enter upon active service in the Armed Forces of the United States, has the right to be reemployed by the Company, when such employee has completed his military obligation, with full seniority and rights as provided for under Section 9 of the Universal Military Training and Service Act.

ARTICLE 12 MILITARY SUMMER ENCAMPMENT

Regular full-time employees on the active payroll will be granted a leave of absence upon request where they are required to participate in summer encampment training as a member of the National Guard or any U.S. Military Reserve as provided for by the laws of Iowa.

Furthermore, when employees are notified by their respective military branch of the date of such training, they must immediately notify the Company.

ARTICLE 13 ADVISE OF REASON FOR DISCIPLINE

Section 1: In the event an employee is placed on an indefinite suspension, the Company shall within five (5) working days inform the employee of the reason for discipline and what form of discipline shall be administered.

It is understood that some cases require investigation and that the full five (5) days is needed, but the Company agrees that this provision should not be used to delay action unnecessarily. The Union also agrees that the Company may inform the Union of cases that require more than five (5) days and the Union will agree to extend the time in such cases to a mutually agreed upon date.

Section 2: When a decision is made regarding disciplinary action, the Company shall impose such action in a prompt manner.

Section 3: In the event of an investigation of wrong doing, an employee who has a legitimate reason for believing that he may be subject to disciplinary action may request Union representation by a steward of choice, when available, within the concerned department.

ARTICLE 14

GRIEVANCE AND ARBITRATION PROCEDURE

Section 1: Should any disputes arise between the Company and the Union, the Company and its employees, or between employees of the Company based on the language and/or interpretation of the Agreement or violation of the Agreement's terms, such disputes shall be pursued only through the grievance-arbitration clause set forth in this Agreement.

The grievance procedure shall be handled according to the steps listed below. In the event of disciplinary action involving a discharge, it is understood that a grievance, will commence at Step 3 within ten (10) working days of the knowledge of the incident.

Step 1

The employee involved, with a Union representative if he so desires, shall present the matter (verbally) to his department or shift Superintendent within three (3) working days of the knowledge of the incident.

The department or shift Superintendent shall respond to the employee within three (3) working days. The affected steward and employee shall present the grievance on their own time.

Step 2

If the matter is not settled in the first step, the Union shall present the matter to the Personnel Manager and the employee's department or shift Superintendent. Grievances in this step must be presented in writing within ten (10) working days from the completion of the first step. The Personnel Manager shall have five (5) working days in which to respond in writing to the Union. The affected steward and employee shall present the grievance on their own time.

The written grievance shall identify:

- (a) the facts giving rise to the grievance,
- (b) the complaint of the grievant,
- (c) the relief requested, and shall be signed by the employee or the Union.

Step 3

If the matter is not settled in the second step, the Union shall present the matter to the Plant Manager. Grievances in this step must be presented in writing within six (6) working days from the completion of the second step. The Plant Manager shall have six (6) working days to respond in writing to the Union. The affected steward and employee shall present the grievance on their own time.

Section 2: If the matter is not settled in the third step, the Union shall present the matter to the Company's Human Resource Operations Division. Grievances in this step must be presented in writing within ten (10) working days from the completion of the third step. The Company's Human Resource Operations Division shall have ten (10) working days in which to give the Union an answer in writing. The affected steward and employee shall present the grievance on their own time. If the grievance is not resolved in this step, the grievance may be submitted to an impartial arbitrator to be selected by mutual agreement of the parties.

Section 3: A written request for arbitration shall be made within seven (7) days of the Pre-Arbitration answer. A written request for arbitration shall be made within thirty (30) days of the written notification that the Union wishes to arbitrate. If such request is not made within the thirty (30) day time limit to the Federal Mediation and Conciliation Service, the grievance shall be ended and the subject matter of the grievance shall be settled. Either party shall have the right to request a list of seven names from the Federal Mediation and Conciliation Service and strike names to determine which one shall sit on the arbitration. His decision in the grievance shall be final and binding upon the employee(s) involved and upon the parties to this Agreement, provided he shall not have authority other than to apply the terms and conditions specifically set forth in this Agreement. It is recommended that the Arbitrator shall submit his decision, in writing, within thirty (30) days after the conclusion of the hearing or hearings as the case may be. The compensation and necessary expenses of the arbitrator shall be borne equally by the Company and the Union.

Section 4: The parties agree that the time allowed to process a grievance is adequate. If the Union fails to process a grievance in the time specified herein, the grievance is ended. However, if either party requests a reasonable extension, the time limit specified for any step of the grievance procedure may be extended by mutual agreement of the Company and the Union Representative involved in that step. Such agreements must be in writing, for a definite time period, and signed by each representative. In the event the Company fails to answer the grievance in the specified time period, the grievance shall automatically advance to the next step.

The Company shall make every effort to release affected stewards and witnesses to attend the grievance meeting at the request of the Union, but in no event shall the employee be paid by the Company. It is understood that if an individual employee wishes to pursue a grievance, he may do so under the aforementioned procedure. Should an individual process his own grievances, a Union representative shall receive copies of all grievance answers and shall have the right to be present at such meeting.

Section 5: In the event an employee is reinstated by an arbitrator, the maximum liability of the Company shall be the employee's lost IBP earnings reduced by all compensation received by the employee during the discharge period from other employment, unemployment compensation, workers' compensation or other earnings.

Section 6: The Company has the right to insist that the grievant be present during a disciplinary arbitration hearing.

ARTICLE 15 SUBCONTRACTING

The parties to the Agreement have discussed subcontracting of work being performed by bargaining unit employees and agree as follows:

Both parties desire to minimize the effects of subcontracting on the job security of the employees and will work to that end.

When the subcontracting of any existing operations becomes necessary or desirable, in the sole judgment of the management, the Company will notify the Union; however, the Company agrees it will not subcontract the operation of an entire department. If the Union desires to discuss the effects on the job security of the employees, the parties will meet for that purpose. The Company agrees to delay layoffs caused by subcontracting until at least two (2) weeks subsequent to its notice to the Union of its intention so that the parties have ample time to suggest methods of avoiding the layoffs or minimizing their adverse effects.

ARTICLE 16 SAFETY COMMITTEE

Section 1: The Company and the Union recognize the priority and need for an effective, structured safety program to provide safe working conditions for all employees.

The Joint Safety Program is designed to address all health and safety working conditions within the plant, and both parties will constructively work together to improve the safety of the facilities conditions or practices.

While the Company fully retains the right to select and utilize such outside consultants as it deems in its sole discretion to be needed, the Company and the Union

may discuss and if mutually agreed select consultants to assist the parties in safety and health matters.

Section 2: The Company agrees that it has the sole responsibility to provide a safe workplace and to correct safety hazards. Nothing in this agreement shall imply that either the Local or International Union has undertaken or assumed any portion of that responsibility. In exercising its rights to manage the safety and health program in the plant, the Company will continue to inform both management and non-management employees that safety depends upon the performance of every person in their job duties.

Section 3: The Company will continue the Safety Committee in the plant for the purpose of advising and assisting the Company in the identification of safety hazards and to recommend solutions.

- A. The membership of the Safety Committee shall consist of Employee Representatives designated by the Local Union (two [2] in the Kill Department, one [1] in the Rendering Department, two [2] in the Cut Department, two [2] in the Converting Department, one [1] in the Material Handling Department, one [1] in the Maintenance Division) and subject to replacement under such circumstances and conditions as the Local Union may determine, and bargaining unit employees selected by management from a list provided by the Union and management representatives designated by Plant Management (one of whom shall be the person in charge of Maintenance at the plant), and subject to replacement under such circumstances and conditions at the Plant Management may determine. Upon request, the Company and Union will review the committee member's effectiveness.
- B. The Safety Committee shall convene once each month and at such other times as the Safety Coordinator of the Plant shall determine in order to carry out its functions. The duties of the Committee shall include the review and investigations of safety practices and rules and health and safety conditions in the plant and the handling of safety complaints. The Company shall cooperate in including a representative designated by the Union in all OSHA inspections, to the extent required by law or mutually agreed as beneficial to the safety effort.

Committee members will be permitted to make their own inspections of the plant conditions as are reasonably needed (provided that this shall not be abused), subject to such controls as the Safety Coordinator may impose. Working hours lost by employee committee members in the performance of their duties as members of the Committee shall be compensated by the Company at their regular hourly rates.

- C. The Safety Committee shall review safety concerns and make recommendations to management as promptly as is feasible.

- D. The Company shall take minutes of the Joint Safety Committee meetings and promptly furnish copies of such minutes to the Local Union and to the employee members of the Safety Committee.
- E. The Company will pay lost working time for bargaining unit Safety Committee members as may be necessary to attend safety training programs or seminars scheduled by management.
- F. The Company's Safety Coordinator shall notify a designated Union Safety Committee member of the occurrence of any accident resulting in an injury causing an employee to be hospitalized overnight. The designated Union Safety Committee member and the Company's Safety Coordinator shall review the circumstances causing the accident.

Section 4: In the event an employee detects what he believes to be a hazard to health or safety in his working area, he shall have the right to contact his immediate supervisor, who, if in agreement with the employee, shall take immediate action to eliminate the hazard. If the employee believes that the hazard has not been eliminated, such employee shall have the right to contact an employee member of the plant Safety Committee, who shall then bring the matter to the attention of the Safety Coordinator or Plant Manager.

Section 5: The Company shall provide such training programs as management, in its sole discretion, decides are necessary to assure that each employee, in connection with his respective job, is adequately trained in the precautions and procedures required for safety and maintenance, handling and use of facilities, equipment, machinery, chemicals, and apparatus. The recommendations of the Safety Committee shall be given consideration by management in this regard.

Section 6: The Company shall provide the Local Union a list of all known hazardous substances and processes in use in the plant, giving the chemical name and trade name of each, and stating the known dangers and harmful effects of each and the known threshold levels of measurements or other factors which may give rise to such dangers or effects.

Section 7: The Company will endeavor to keep the Health Services Department open during all production hours. The parties agree plant procedures should cover emergency first aid for accidents that might occur when no medical personnel are available on the premises.

Section 8: The Company agrees to train the Safety Committee members as Ergonomic Monitors.

Section 9: The Safety Committee members will select at least two (2) committee members each year to attend the Annual Governor's Safety Council. The Company will pay the cost of registration for each member and pay the employee the number of hours he would have otherwise been scheduled to work up to a maximum of eight (8) hours

straight-time pay to a maximum of four (4) working days. The Union will pay the cost of transportation, meals, and lodging.

Section 10: The Company will make available first aid and CPR training to all Safety Committee members on an annual basis.

ARTICLE 17 OVERTIME WORK

Overtime will be equalized in a department as fairly and equally as possible among qualified employees over a reasonable period of time. It is understood and agreed that such equalization cannot be affected on a daily, weekly, or even monthly basis, but efforts will be made to change any such imbalance over reasonable periods of time.

ARTICLE 18 SENIORITY

Section 1: It is the policy of the Company to follow seniority in order that full-time employees with the greatest amount of service shall have the greatest amount of employment security and opportunity for promotion.

However, efficient operation of the plant and fairness to all requires that physical fitness and ability be considered as well as seniority in all matters covered in this Article. Full-time employees with the greatest seniority shall have preference in layoffs, callbacks, promotions, demotions, and transfers to available permanent vacancies.

Section 2: Seniority shall be established on the basis of continuous full-time service with the Company at its Waterloo plant. A full-time employee, after sixty (60) days, shall be a regular employee and shall have seniority. Prior to attaining seniority, an employee is known as a probationary employee. In certain circumstances the Company may extend the probationary period for an additional thirty (30) days in cases where the Company and the Union agree that more time is needed to evaluate the affected probationary employee. It is understood that the Company may, at its sole discretion, discipline or terminate a probationary employee and that no grievance concerning such discipline or termination shall be filed or processed in his behalf.

Section 3: Seniority operates on a divisional and plant-wide basis.

The divisions for seniority purposes are:

1. Cold Side
2. Hot Side
3. Maintenance

Section 4: Employees, upon successful completion of probationary period, shall have the right to bid jobs under the provisions of this Article.

Section 5: The Company may, in the instance of certain skilled positions, choose to select and train employees in the jobs listed below. The Company will post notice that such opening(s) exist and with respect to physical fitness, ability and attendance (no more than 5.5 points) will award the job.

Jobs to be included:

1. Maintenance
2. Utility
3. Trainer(s)
4. Laundry
5. Rendering Operators
6. Livestock Handlers (except those excluded)
7. MQ Lift Operator
8. Liaisons
9. Manifest Trainee
10. Load Dispatch
11. Cooler Operator
12. Injector Operator

When an employee reaches eight (8) or more attendance points on the following positions they shall be disqualified from their interest posted position and be reassigned as a non-job owner in a department determined by the Company. The positions affected are: Utility, Trainer(s), Laundry, Liaisons, Rebuild Instruments Mechanic, Rebuild House Mechanic, Cryovac/Package Mechanic, Mule Mechanic, E.T. Trainee, Plant Projects, Rendering Projects, Maintenance Training, Engine/Cooler Rounds, and Electrical.

Section 6: A full-time employee will be credited and accumulate plant-wide seniority from his first day of continuous service at the Waterloo, Iowa, facility. Each employee is assigned to a department and shall have such departmental seniority as shall be credited and accumulated on the basis of the divisional seniority of the employee. An employee's previous departmental and/or divisional seniority shall transfer to the new department or division at the time he qualifies on the job. However, an employee qualifying in a new division will not be allowed to bid another job for a period of twelve (12) months.

Section 7: Promotions shall be made within each division. An opening shall be posted from Thursday at noon until Tuesday at noon. With consideration for physical fitness and ability, the job shall be awarded within seven (7) working days to the divisional senior employee who has bid the job. In the event a successful bidder on an up bid has not been placed on his newly bid within fourteen (14) days of the award, he shall be paid the rate of the new job on the fifteenth (15) day and thereafter until he has been moved to the newly bid job. A successful bidder on a lateral or down bid will receive the rate of the newly bid job when he is moved to the newly bid job. An employee will be given a reasonable period of time to demonstrate proficiency. At the time an employee has qualified for a newly bid job, he shall be paid the rate of that job and shall be

considered a permanent transfer. Production jobs which are vacated as a result of bidding will be posted when the individual who leaves the job has qualified on the newly bid job. Maintenance jobs which are vacated as a result of bidding will be posted when the successful bidder is moved and the Company has a reasonable belief that the employee will qualify on the newly bid job.

Section 8: Divisional vacancies not filled with the division will be offered for bid on the basis of plant-wide seniority.

Section 9: An employee who is qualified in a new department and is then disqualified will revert back to his former department with full seniority as if he had never left. However, he shall not displace any person from a bid job but shall be placed on available work for which the employee is capable of performing.

Section 10: The successful bidder on the job posting at the time the posting is taken down will be offered the job and he shall either accept or reject the job. If he rejects the job posting it will not count as a bid. If the bidder accepts the job posting he shall make a sincere effort to learn the job. The employee shall have ten (10) working days from the date of the bid award in which to self-disqualify. An employee who self-disqualifies will be restricted from any further bidding from the date of such bid as defined in Section 14. The employee must either qualify or disqualify before being allowed to bid again.

Section 11: Once disqualified from a bid job, an employee will not be allowed to bid same job for a period of six (6) months.

Section 12: Jobs will be posted for bidding on the following basis: when they are vacated by layoff, discharge, resignation, permanent transfer of the job holder to another job, or creation of a new permanent job. Temporary vacancies, such as vacancies caused by sickness of less than twelve (12) weeks, leave of absence, vacations, etc. will not be offered for bid. The Company will, when it is possible, follow principle of "senior employee may, junior employee must" in utilizing this specific provision.

Vacancies caused by sickness or leave of absence greater than twelve (12) weeks shall be bid. The Company and the Union may mutually agree to extend this time in cases where it appears the employee will be able to return to work in a short period. If the original job owner returns to the job within twelve (12) months, the employee filling the vacancy shall become a non-job owner. In this instance, the provisions of Article 18, Section 15 shall not apply.

Section 13: All job postings shall state the job title, department, a brief description of the principle duties, and the rate for the job.

Section 14: A successful bidder on a down or lateral bid, who is disqualified, will be restricted from any further bidding for a period of six (6) months from the date of such bid. A successful bidder on an up bid, who is disqualified, will be restricted from any

further bidding for a period of three (3) months from the date of such bid. When a successful bidder qualifies on a newly bid job, he will be restricted from any further bidding from the date of such bid as follows:

Up bid = Three (3) months
Down bid = Six (6) months
Lateral bid = Six (6) months

Section 15: A first assignment to a job shall be considered a bid for the purposes of this Article if the employee had the right to bid a job and did not exercise that right.

Section 16: Seniority lists for divisions shall be maintained on bulletin boards and shall be republished each month and a copy will be furnished to the Union upon request.

Section 17: An employee shall forfeit his employment for the following reasons:

- A. Voluntarily quitting.
- B. Discharge for proper cause.
- C. Being absent for five (5) consecutive days without proper notification to the employer.
- D. Overstaying a leave of absence without justifiable cause.
- E. Layoffs for more than eighteen (18) months.
- F. Failure to report from layoff within seven (7) days after written notice has been sent by certified mail to the last known address on the Company records. Upon request, the Company will grant a further four (4) day extension of time.
- G. Full settlement with an employee for total disability.
- H. Retirement.
- I. Absences in excess of twelve (12) months due to illness or injury. The Company and the Union may mutually agree to extend this time in cases where it appears the employee will be able to return to work in a short period. In addition, insurance benefits other than the employee coverage related to the specific illness or injury, which caused the sick leave, will be terminated at the end of twelve (12) months.

Section 18: Employees on an authorized leave of absence as set forth in Article 10 shall retain and accumulate seniority during such leave.

Section 19: Part-time employees will receive the applicable starting rate of the job performed, if qualified, but will not receive any fringe benefits granted full-time employees, nor will they have seniority.

Section 20: Layoff or job eliminations in any division shall be established on the basis of divisional seniority, provided that each job must be filled by a person capable of performing the work as described in Section 21 (i). Furthermore, it is understood that in

the event of a division layoff, employees would continue to perform the presently assigned duties necessary to complete the shutdown.

Section 21: In the event of a layoff due to a reduction in force, the procedure outlined below will be followed:

- a) The holder of a job, which was eliminated due to the reduction in force, shall be allowed to displace any junior holder within the department in the reverse order of his progression within that department.
- b) If a previously owned job in the department is not available on the above basis, the employee may notify the Company that he desires to displace a junior person in the department from a job which he was previously qualified to perform. The Company, in its sole discretion, will determine if an employee was qualified on the job.
- c) If a job is not available as outlined in "a" or the employee does not or cannot exercise "b", he will displace the junior person in the department provided he can learn to perform the job as described in Section 21 (i).
- d) If a job is not available as outlined above, the employee will displace the junior person in the division from a previously owned job in reverse order of his progression within that division.
- e) If a previously owned job in the division is not available on the basis outlined above, the employee may notify the Company of his desire to displace a junior person in the division from a job, which he was previously qualified to perform. The Company, in its sole discretion, will determine if an employee was qualified on the job.
- f) If a job is not available as outlined above, he will displace the junior person in the division provided he can learn to perform the job as described in Section 21 (i).
- g) If none of the foregoing options are available and the employee is laid off, an employee may displace the junior person in another division providing;
 1. The employee must have at least one (1) year of seniority.
 2. The employee has been on layoff status for four (4) weeks or the employer expects the employee to be on layoff for four (4) weeks.
 3. The employee is able to perform the job as described in Section 21 (i)
- h) An employee who is displaced from his bid job during a layoff may return to his previous bid job when it becomes available. If an employee was displaced from his bid job and subsequently is a successful bidder on another job during the layoff he may elect to remain on the newly bid job or return to his previous bid job when it becomes available.

- i) It is agreed that an employee who is displacing to a previously owned bid job or qualified job, must be able to perform the job in a satisfactory manner within two (2) working days. An employee who is displacing to a position that they have not qualified on or owned must be able to demonstrate that they have the ability to perform the job within seven (7) working days.

Section 22: In the case of a job elimination that does not result in a layoff, the employee will displace in reverse order of his progression within the department. If no such position is available, the employee will displace in reverse order of his progression within the division. If no such position is available under this procedure, the employee shall be placed on available work for which he is capable of performing. It is understood, that any bid restrictions caused by bidding the job which was eliminated or from which he was displaced from, will be removed from his record.

Section 23: When recalling employees on layoff, they shall be recalled in reverse order of layoff.

ARTICLE 19

EQUIPMENT FURNISHED BY THE COMPANY

Section 1: The Company will furnish reasonable and adequate quantities of the equipment needed by employees, as determined by the Company.

- A. Steel, pouches, mesh gloves, knives, and safety equipment to all employees requiring them.
- B. All boots and aprons for gutters required while working on the gut table.
- C. Maintenance hand tools and equipment as required.
- D. Rubber gloves and cotton gloves as required.
- E. Rubber aprons as required.
- F. Upon completion of the probationary period, the Company will furnish two (2) frocks for all jobs designated by the Company. The Company agrees to furnish up to two (2) uniforms per year (white for kill and green for maintenance, rendering, and other designated areas) where required.
- G. Upon completion of the employee's probationary period, the Company will supply up to one (1) pair of rubber boots per year as required. Employees will be required to wear uniforms/frocks where designated by the Company.

Section 2: The Company shall launder employees' outer work clothes at the Company's expense.

Section 3: The employee shall be responsible for the safe and efficient use of all equipment furnished by the Company and, if such equipment is lost or maliciously

destroyed, the employee shall be accountable and the Company may then charge the employee (at what it cost Company) and deduct the cost from his wages.

Section 4: The Company will provide an employee or employees to sharpen knives for all employees required to use knives.

ARTICLE 20 HOURS OF WORK

Section 1: The workweek for payroll purposes shall start at 12:01 a.m. on Monday and end at midnight Sunday evening.

Section 2: Hours of work shall be scheduled in-line with production requirements and employees will be notified in advance of changes in work schedules. Employees shall be required to work all scheduled hours.

Section 3: Time and one half (1-1/2) will be paid for all hours worked in excess of forty (40) in any one week. Work time will be computed from the time employees on a position commence their work until the time worked is stopped at a position, and will be computed to the nearest minute.

Section 4: Employees, other than extra gang, who are called to work outside their regular work schedule after once going home for the day and not at a time when such work merges with their regular shift shall be guaranteed four (4) hours work at one and one-half (1-1/2) times their regular hourly rate or pay in lieu thereof. However, in the event an employee is called back after clocking out and before leaving the premises, he shall be paid "straight through" as though he had not punched out.

Section 5: Employees, if qualified in accordance with Article 22, Section 2(a), other than part-time and extra gang employees, working on holidays shall receive their regular holiday pay (eight [8] hours straight time pay), and shall be paid two (2) times their regular hourly rate for work actually performed on such holidays.

Section 6: Employees, other than part-time and extra gang employees, working on Sunday, with the exception of those who are regularly scheduled shall be compensated at twice (2) their regular hourly rate. Those employee's who are regularly scheduled, when working on a day designated as their Sunday in lieu of the calendar Sunday, shall be compensated at twice (2) their regular hourly rate for work performed on that day.

Section 7: For the purpose of the Agreement, Sunday shall be the twenty-four (24) hour period starting at 12:01 a.m. on Sunday.

Section 8: For the purpose of computing pay for hours worked on a Saturday, Sunday, or a paid holiday, a shift cutting across two (2) calendar days shall be treated as work on the day on which the shift begins. However, in the event the shift exceeds eight (8) hours, such hours over eight (8) shall be compensated on the applicable

rate for the calendar day on which such hours were worked. Those employees who work a four (4) day ten (10) hour or twelve (12) hour schedule shall be compensated at the applicable rate for all hours worked on the day on which the shift began.

Section 9: All employees who work what is considered second and third shift hours with a regular start time between the hours of 3:00 p.m. and 6:00 a.m. will be paid ten cents (\$.10) per hour over their regular rate for hours worked.

Section 10: Premium pay shall not be pyramided.

ARTICLE 21 GUARANTEE

Section 1: The Company will provide each regular, full-time employee a weekly average of thirty-eight (38) hours of pay during every twenty-six (26) week period as herein defined (see Section 6 below) at the employee's straight-time hourly rate which is worked during each workweek. Within fourteen (14) days after the completion of each twenty-six (26) week period, the Company will pay any hours due the employee less all hours the employee was absent from work for any reason whatsoever. The twenty-six (26) week guarantee will also be reduced by eight (8) hours for each full shift on which the plant is unable to operate because of storm, flood, fire, explosion, power failure, strikes or boycotts by any labor union or the National Farm Organization or any similar groups, or other unusual emergencies. In addition, hours missed because of displacement through seniority or hours missed because of layoff shall be deducted from the guarantee.

Section 2: Hours of work shall be scheduled in line with production requirements and employees will be notified in advance of changes in shift schedules. Employees shall be required to work the hours scheduled by the Company; however, the Company will not schedule work in excess of ten (10) hours per day with the exception of loading, rendering, material handling, and maintenance personnel unless the failure of the employee to work past the tenth (10th) hour would result in spoilage of product or unless repair work is necessary because of a breakdown. It is understood, however, that work already in progress will be completed. With respect to loading, rendering, material handling, and maintenance personnel, all work beyond twelve (12) hours would be worked on a voluntary basis. Employees will be notified by the end of the sixth (6th) hour of work of the Company's intention to work employee's overtime on that workday except in cases of emergency.

Section 3: The guaranteed workweek shall apply only to those regular, full-time employees who have completed their probationary period prior to the commencement of a twenty-six (26) week guarantee period as outlined in Section 6.

Section 4: Regular, full-time employees called to work will be provided with a minimum of four (4) hours of work or pay in lieu of work unless the plant is unable to operate because of contingencies enumerated in Section 1 above. However, if employees

are notified in sufficient time of a cancellation of scheduled work, call-in pay shall not be paid. The Company shall notify the local news media.

Section 5: Under no circumstances shall this article constitute a weekly guarantee of any kind whatsoever.

Section 6: The following is the twenty-six (26) week pay period upon which the thirty-eight (38) hour, six (6) month guarantee will be based:

February 1 through July 31
August 1 through January 31

ARTICLE 22 HOLIDAY PAY

Section 1: The following days shall be observed as paid holidays:

New Year's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Christmas Day
Employee's Birthday
Longevity Anniversary

Section 2: All regular full-time employees shall receive eight (8) hours straight-time pay for each of the above holidays, provided they have met the following qualifications:

- (a) An employee must work the full scheduled workday before and the full scheduled workday following a holiday, or be on a previously (twenty-four [24] prior to the holiday) excused absence to receive holiday pay. However, such holiday pay shall be paid to all employees who are laid off or on an authorized leave of absence and otherwise qualify who have worked any time the week before the holiday, the week of the holiday, or the week after the holiday. It is further agreed in the event an employee is injured on the job the day before or day after the holiday preventing completion of the scheduled workday, a forfeiture of holiday pay will not occur providing the employee is otherwise eligible for holiday pay.

All regular full-time employees who work a four (4) day ten (10) hour or twelve (12) hour schedule shall be compensated the number of hours they would have otherwise been scheduled to work at straight time pay for the holiday, provided their normal four (4) day work week includes the day of the holiday. Those employees whose four (4) day work week does not include the

day of the holiday will be compensated eight (8) hours straight time pay for the holiday. Provided they meet the requirements set forth in Section 2 (a).

The Company may excuse an absence or tardiness for purposes of this Article only and pay the holiday pay in cases where the Plant Personnel Manager and Plant Manager in their sole discretion deem the reason for the absence or tardiness and the individual's overall attendance as deserving an exception to the above rule.

- (b) When a holiday falls on Sunday, the following Monday shall be observed. Those employees having a designated Sunday will observe the following day (whether worked or not worked) as Monday.
- (c) An employee must request time off for the "Employee's Birthday" at least two (2) weeks in advance. Such request must be in writing to the employee's immediate supervisor. All requests for an "Employee Birthday" are subject to the approval of management.
- (d) For the "Employee's Birthday", the employee may volunteer to accept eight (8) hours straight time pay for the holiday in lieu of time off. If the employee selects this option, eight (8) hours pay will be added to the paycheck for the week requested and the employee will be expected to work the scheduled hours.
- (e) Effective January 1, 1999, regular full-time employees who complete one (1) year of full-time service with the Company shall be granted one (1) "Longevity Anniversary Holiday" per year, to be treated as a floating holiday. An employee must request time off for the "Longevity Anniversary Holiday" at least two (2) weeks in advance. Such request must be in writing to the employee's immediate supervisor. All requests for this holiday are subject to the approval of management and the needs of the business will dictate.
- (f) For the "Longevity Anniversary Holiday", the employee may volunteer to accept eight (8) hours straight time pay for the holiday in lieu of time off. If the employee selects this option, eight (8) hours pay will be added to the paycheck for the week requested and the employee will be expected to work the scheduled hours.
- (g) During a holiday week, all hours worked in excess of forty (40) will be paid at time and one half (1-1/2).

ARTICLE 23 VACATION

Section 1: Each regular full-time employee earns forty (40) hours of vacation on their first and second anniversary, eight (80) hours of vacation on the third through the ninth anniversary, and one hundred twenty (120) hours of vacation on the tenth anniversary and each anniversary thereafter.

Section 2: Each week of vacation pay shall be equal to forty (40) hours of pay at the employee's straight time hourly rate. To qualify for paid vacation, the employee must have passed his anniversary date.

Section 3: Vacation must be taken within 12 months of the date it was earned.

Section 4: Vacation pay shall be paid in advance at the time the employee leaves on vacation upon two (2) weeks notification to his supervisor.

Section 5: Should the Company decide to close the plant, the employees may be required to take their vacation during this period. Those employees required to work during the time the plant is closed will be scheduled to take vacation at another time during the year.

Section 6: The vacation time of each employee will be assigned within a department on a divisional seniority basis. Notice of vacation scheduling will be posted by February 1. Scheduling will commence February 15 and will be completed by March 1. However, it is recognized the Company must approve the vacation schedule in order to insure regular and efficient production.

Section 7: In order to qualify for vacation, a regular full-time employee must have worked forty-two (42) weeks in the anniversary year. A day worked during the week shall count as a week worked for this requirement. A maximum of two (2) weeks of leave for employees required to participate in official activities as a member of the National Guard or any United States military reserve, a vacation, jury duty, twenty-six (26) consecutive weeks of compensable injury and four (4) weeks of consecutive six leave will be credited toward the forty-two (42) weeks of work requirement.

Section 8: Employees shall not be permitted to receive vacation pay in lieu of paid vacation unless mutually agreed upon.

Section 9: Employees who have qualified for a vacation at the time their employment is terminated will be paid for the vacation earned but not taken.

Section 10: In the event a paid holiday falls within the employee's vacation period, eight (8) hours of straight time pay at the employee's regular rate will be paid in addition to vacation pay in the payroll week following his return from vacation.

ARTICLE 24

MEAL PERIODS/REST PERIODS

Section 1: Employees will be granted a rest period of fifteen (15) minutes approximately halfway through the first portion of their shift and a second rest period of the same duration if the day's work schedule exceeds eight (8) hours and seven (7) minutes. Employees will be granted a thirty (30) minute unpaid meal period to commence no later than five and one-half (5-1/2) hours following the beginning of their shift. However, if the shift does not exceed five and one-half (5-1/2) hours, a lunch period may not be granted. In the event an employee is working a double shift, he shall receive a second fifteen (15) minute break at the end of the shift and thereafter he shall follow the regular schedule of the shift on which he is working.

Section 2: Employees required to work in excess of ten and one-half (10 ½) hours in any one (1) day shall, in addition to their regular pay, receive compensation in the amount of three dollars (\$3.00) for the purpose of purchasing a meal and shall in addition receive a fifteen (15) minute break. The employee may elect to complete the day's work and receive the above-mentioned amount as additional compensation. All newly hired employees, after ratification (Monday, July 29, 2002), who are hired into a department (For example: maintenance, loadout, and rendering) who are regularly schedule to work more than ten and one-half (10 ½) hours shall not be eligible for the meal ticket. However, those employees, hired before the ratification of this labor agreement (Sunday, July 28, 2002) who are regularly scheduled to work more than ten and one-half (10 ½) hours (maintenance, loadout, and rendering) shall, in addition to their regular pay, receive compensation in the amount of two dollars (\$2.00) for the purpose of purchasing a meal and shall in addition receive a fifteen (15) minute break. Those current employees who bid out of their position shall lose the meal ticket.

ARTICLE 25

JURY DUTY

Section 1: An employee called to jury duty in the county, state, or Federal courts shall be excused for jury service on presenting the summons requiring such duty to his Supervisor.

Section 2: A regular full-time employee will be paid the difference between his jury pay and the scheduled hours he would have worked up to a maximum of eight (8) for each full day of jury service when it falls on a scheduled workday. If the employee is dismissed from jury service during his normal scheduled hours, he will be expected to notify his supervisor or the Personnel Office as to his availability of work.

Section 3: The employee shall endorse and turn over to the employer his jury paycheck except the employee may retain any pay provided for travel expenses, and in turn will be paid by the employer the amount of his regular straight time earnings.

ARTICLE 26 FUNERAL LEAVE

Absences due to the death of a member of the employee's immediate family will be treated as an excused absence. A regular full-time employee so absent will be paid during the period of absence on the following basis:

1. In the event of the death of an employee's spouse, father, mother, father-in-law, mother-in-law, brother, sister, child (including legally adopted children), or grandparents, the employee will be paid the number of hours he would have otherwise been scheduled to work up to a maximum of eight (8) hours in any one day for each of three (3) consecutive work days (one of which must be the day of the funeral).
2. In the event of the death of a grandchild of the employee, sister-in-law or brother-in-law, the employee will be paid the number of hours he would have been scheduled to work up to a maximum of eight (8) hours for the day of the funeral.
3. When requested, the employee must furnish satisfactory proof to the Company of the relationship of the deceased, the date of the funeral, and his attendance of the funeral.
4. Any employee requesting additional leave should do so by making such request through the Personnel Manager and his supervisor.

ARTICLE 27

GROUP HEALTH, STOCK PURCHASE, AND RETIREMENT SAVINGS PLANS

GROUP HEALTH AND WELLNESS:

Section 1: Any changes to benefits and plans covered by this Article will be mutually agreed upon by the parties.

Section 2: Effective January 1, 2003 the Company agrees to make available for regular full-time employees the following comprehensive benefit program. The following coverage shall commence on the first day of the month following completion of three (3) months of full-time employment and shall terminate on the employee's last day of employment. Employees hired on or after January 1, 2003 will automatically be enrolled for single coverage and may elect family coverage if they wish.

1. Medical with One (1) Million Dollar Life Time Maximum
2. Prescription Drug Card
3. Company Paid Life
4. Company Paid Accidental Death and Dismemberment

5. Short Term Disability Insurance – available after one (1) year of full-time service.
6. Retiree Health Insurance Plan

The following additional coverage shall commence on the first day of the month following six (6) months of participation in the group health plan as defined above at no additional costs and shall terminate on the employee's last day of employment.

1. Dental
2. Vision

The following optional coverage's are available at additional costs and shall terminate on the employee's last day of employment.

1. Voluntary Life – available on the first day of the month following three (3) months of full-time service.
2. Voluntary Accidental Death and Dismemberment – available on the first day of the month following three (3) months of full-time service.
3. Long Term Disability Insurance – available after one (1) year of full-time service.

Employee's monthly contributions for the Company's Group Health Plan, which includes: Medical, including one (1) million dollar life time maximum, Dental, Vision, Prescription Drug Card, Company Paid Life, Company Paid Accidental Death and Dismemberment, and Short Term Disability will equal 25% of the total cost of the base health plan. If during the term of this agreement the average cost per covered employee of the Company's base group health plan should increase or decrease, the employee's contribution will increase or decrease as necessary to equal 25% of the total Company's base group health costs. A trailing twelve (12) months of group health expenses will be used to calculate the cost per covered employee. Effective every September (end of Company's fiscal year) the Company will review and calculate the average cost for the previous twelve (12) month period. On January 1 of each year, new contribution levels will be increased or decreased if applicable. This coverage shall be in accordance with the benefit program agreed upon by the parties.

Section 3: Employees on any type of leave of absence will be required to pay their benefit contribution during that period in order to maintain their benefit coverage.

Section 4: The employer reserves the right to change carriers and/or third party administrators or become insured during this term of agreement.

Section 5: The Company reserves the right during the term of this Agreement to modify the design features of the group health plan only to incentivize employees to use certain medical providers.

TYSON FOODS STOCK PURCHASE PLAN:

Effective January 1, 2003 the Company agrees to make available the Tyson Foods Stock Purchase Plan to cover employees in the Waterloo plant bargaining unit.

1. Employees are eligible to participate on the first day of the month following the month coincident with or following three (3) months of full-time service.
2. Employees can contribute from one (1) to ten (10) percent of their pay or a dollar amount from \$1.00 to \$25.00 per week on an after tax basis.
3. Tyson will purchase shares of Tyson Class A Common Stock. Employees shall receive quarterly statements.
4. After successful completion of one (1) year of service, Tyson will make a contribution to the Retirement Savings Plan equal to fifty (50) percent of the employees' contribution to the Stock Purchase Plan. Tyson's contribution will be made to the Retirement Savings Plan into the employees' 401(k) account on a pre-tax basis.
5. The Tyson stock the employee purchases will be available the first day of each calendar quarter of the year. The Tyson stock the Company purchases on the employees' behalf in the Retirement Savings Plan will be subject to the 401(k) withdrawal regulations.
6. Employees shall have three (3) options under the Plan. 1) leave the stock in the Plan, to grow through dividend reinvestment; 2) take the stock out of the Plan; or 3) sell the stock through the Plan.
7. Employee's may take their stock out of the Plan and hold the certificates themselves. If an employee chooses this option, Tyson will issue the stock certificates directly to the employee. Employees may take available shares out of the Plan in multiples of ten (10) shares. Once an employee takes the shares out of the Plan, the employee may sell the shares, use the shares as collateral on a loan, or transfer the shares to someone else.
8. An employee can also sell the shares through the Plan (up to a 100 shares per month). Employee can request a sale of shares through the voice response system or the website. This type of sale is processed faster than a sale of certificate.
9. When an employee has shares issued, the employee will receive a letter after the end of the year containing the tax basis of those shares. The employee will need this letter to report to the IRS when the shares are sold. Whenever an employee sells shares, the employee will have to pay a tax on any gain from the sale. At the end of each year, all stock sales through the Plan will be reported on Form 1099.
10. If an employees' employment at Tyson ends, the shares will be issued in a certificate. Should there be any money left over after the shares are issued, the employee will receive a check for the remainder. In the event a participant dies, the shares and the check will be issued to the person's beneficiary, if one is chosen, otherwise to the spouse or estate, in that order.

While Tyson's stock has historically increased in value, there is not guarantee that it will increase in the future. Past performance is an indicator only and is not a guarantee of future performance. Tyson's stock, like stock in any company, can and will go up or down in value.

RETIREMENT SAVINGS PLAN:

Effective January 1, 2003 the Company agrees to make available the following Retirement Savings Plan to cover employees in the Waterloo plant bargaining unit.

1. Employees are eligible to participate on the first day of the month following the month coincident with or following three (3) months of full-time service.
2. Employees can save from 2 to 60 percent, up to IRS limitations, of their pay on a pre-tax basis.
3. After completion of one (1) year of service, the Company will match, dollar-for-dollar, the employees' contribution up to three (3) percent of pay. Plus, the Company will match half (1/2) of the employees further contributions up to the next two (2) percent of pay.
4. Employees are immediately one-hundred percent (100%) vested in their and the Company's contributions.
5. Generally, there are three ways in which an employee can receive their accounts: 1) distributions when employment ends; 2) withdrawals; and 3) loans. Withdrawals and distributions are subject to income taxes.
6. Distributions – An employee will receive their account when their employment ends. The employees' beneficiary will receive the account if the employee dies. If the employee is married, the spouse is automatically the beneficiary. If no beneficiary is chosen, the account will go to the employees' spouse or estate, in that order. When an employee receives payment, twenty percent (20%) will be withheld for income taxes. The employee may delay paying taxes on distribution by rolling it over into another qualified plan or into an Individual Retirement Account (IRA).
7. If an employee does not make a rollover and receive part or all of their account before age 59 ½, the employee will have to pay a ten percent (10%) penalty tax in addition to ordinary income tax. This is because the IRS has judged that plans such as this should be used for long-term savings. The extra ten percent (10%) tax does not apply if the employee elects to take early retirement from the Company. To be eligible for early retirement, the employee must be at least age 55. The tax laws are complicated and the employee should contact the IRS or a tax advisor before deciding the best approach.
8. Withdrawals While Employed – Because the IRS encourages long-term savings through plans such as this one, withdrawals during employment are available, but limited. If the employee is 59 ½ or older, the employee may withdraw part or all of their account. An employee may also withdraw any amounts that have been voluntarily rolled over from a qualified plan or IRA, regardless of age. Withdrawals can also be made in the case of a severe

financial hardship. Financial hardships, defined by the IRS, are 1) unreimbursed medical expenses for the employee, spouse, or dependents; 2) the purchase of the employees' primary home; 3) the payment of tuition for post-secondary education for the employee, spouse, or dependents; 4) a payment to prevent eviction from or foreclosure on the employees' primary home. A request for a hardship withdrawal must be approved by the Company in accordance with IRS regulations. The employee must take a loan (if available) from the account before they are eligible for a hardship withdrawal. If an employee takes a hardship withdrawal, the employee will be suspended from all other company plans, except health and life insurance, for six (6) months. Also, the amount the employee may be able to put into the Plan in the next taxable year will be limited. Generally, any of these withdrawals while employed are subject to twenty percent (20%) withholding for income taxes, and if the employee is under age 59 ½, the extra ten percent (10%) penalty tax for early withdrawal.

9. **Loans** – Participants who have an account balance of at least \$2,000 may be eligible for a loan. The employee can borrow up to half of their balance, up to \$50,000. The minimum amount an employee may borrow is \$1,000. Loans may be made at any time, but the employee may only have two (2) loans outstanding at any one time. Note: Anyone who is on a leave of absence will not be eligible for a loan until they return to work. The interest charged for a loan will be based on competitive rates. The interest rate will continue throughout the term of the loan and must be repaid, through payroll deduction, within five (5) years.

ARTICLE 28 WAGE RATES

Section 1: Effective the date of this labor agreement, the minimum starting rate of pay for all production employees will be \$9.00 per hour. Production employees will receive a fifty (\$.50) cent pay increase at ninety-one (91) days, a twenty-five (\$.25) cent increase at one hundred and eighty-one (181) days, and an additional increase to base at two hundred and seventy-one (271) days. Maintenance employees will progress based on their successful participation in the Maintenance Training Program.

Section 2: During the term of this labor agreement, base rates are established as follows:

<u>Contract Year</u>	<u>Rate</u>
July 29, 2002	\$10.50
September 8, 2003	\$10.80
October 25, 2004	\$11.10
December 12, 2005	\$11.40

Showcase Janitor rates during the term of this labor agreement are established as follows:

<u>Contract Year</u>	<u>Rate</u>
July 29, 2002	\$10.50
September 8, 2003	\$10.80
October 25, 2004	\$11.10
December 12, 2005	\$11.40

Section 3: The grade structure for this facility will be as follows:

<u>Production</u>		<u>Maintenance</u>	
Base	Base	Start	\$11.50
Grade 1	Base + \$.30	Grade 2	\$11.50
Grade 2	Base + \$.50	Grade 4	\$11.50
Grade 3	Base + \$.75	Grade 5	\$12.05
Grade 4	Base + \$1.25	Grade 6	\$12.60
Grade 5	Base + \$1.50	Grade 7	\$14.20
		Grade 8	\$15.20

All Maintenance grades will receive rate increases of \$.30 during the second, third, and fourth years of this labor agreement.

ARTICLE 29

WAGE RATE CLASSIFICATION - NEW OR CHANGE JOB CONTENT

When the Company establishes a new job classification, combines or separates the duties of existing classifications, or substantially changes the work content of an existing classification, it will establish an appropriate hourly rate for the classification and notify the Local Union of such rate.

It will be the intention of the Company to inform the Union of rate changes and reasons for such changes in advance of actual installation. If the Union disagrees with that hourly rate, it may file a written grievance at Step 3 of the Grievance Procedure within five (5) days of such notification. The test of fairness of the Company's rate determined is whether it is in line with the existing rate structure of other jobs in the Division, giving proper consideration to the job content and skill involved. If a higher rate should be awarded, it would be paid from the date of change.

ARTICLE 30

WAIVER, ENTIRE AGREEMENT AND SEPARABILITY

Section 1: ENTIRE AGREEMENT. This is the complete agreement providing all benefits to which any employee may be entitled, and it is expressly understood and agreed that the Company has no obligation to any employee or employees other than those specifically provided herein.

Section 2: WAIVER. The parties acknowledge that during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understanding and agreements arrived at by the parties after and exercise of that right and opportunity are set forth in the Agreement.

Therefore, the Company and the Union, for the term of this Agreement, each voluntarily and unqualifiedly waives the right, and each agrees that the other shall not be obligated to bargain collectively with respect to any subject or matter referred to or covered in this Agreement, or with respect to any subject or matter not referred to or covered in this Agreement even though such subjects or matters may not have been within the knowledge or contemplation of either or both of the parties at the time that they negotiated or signed this Agreement.

Section 3: AMENDMENTS. Any modification or supplement to this Agreement to be effective must be reduced to writing and executed by proper representatives of each party.

Section 4: SEPARABILITY. If any Article or Section of this Agreement or any written amendment hereto shall be held invalid by operation of law or by tribunal of competent jurisdiction or if compliance with or enforcement of any Article or Section shall be restrained by such a tribunal pending a final determination as to its validity, the remainder of this Agreement and of any written amendment hereto, or the application of such Article or Section to persons or circumstances other than those as to which such provision has been held invalid or to which compliance with or enforcement has been restrained, shall not be affected thereby.

**ARTICLE 31
DURATION OF AGREEMENT**

This Agreement shall become effective July 29, 2002, and shall remain in full force and effect until 11:59 p.m., Sunday, December 31, 2006. Either party may terminate the Agreement by giving written notice to the other on or before sixty (60) days prior to Sunday, December 31, 2006. If such notice is not given by either party, this Agreement shall renew itself for successive one (1) year periods, until such notice is given. Such notice shall be given by registered or certified mail.

FOR THE COMPANY:

Bruce L. Pautsch
James Schmitz
Michael Grothe
Hector Gonzalez
Rex Hofer
Ken Kimbro

FOR THE UNION:

John Honeycutt
Denny Wubker
Scott Noyd
Michael Johnson
Marco Guzman
Enesa Okanovic
Jo Sallis
Samuel Stokes
George Tyler
William Schmitz

DATE: March 19, 2003

DATE: March 19, 2003

MEMORANDUM OF UNDERSTANDING

This memorandum is hereby made a part of the Labor Agreement between IBP, Dakota Dunes, South Dakota, for its Waterloo, Iowa, plant, and the United Food and Commercial Workers, on behalf of its Local Union, 431, AFL-CIO & CLC, dated July 29, 2002 to December 31, 2006.

SUBJECT: TERMINATION, LEAVE OF ABSENCE, AND ADDRESS REPORT

The Company agrees that for the term of its Labor Agreement with the Union for its Waterloo plant to the following:

Upon the request of the Union's Business Agent, the Company will provide the following:

1. Monthly list of terminated employees.
2. Monthly list of addresses of bargaining unit employees.
3. Monthly list of Union employees on leave of absence.

The Company does not guarantee the accuracy of the information provided.

FOR THE COMPANY:

Hector Gonzalez
Michael Grothe
Rex Hofer

DATE: March 19, 2003

FOR THE UNION:

John Honeycutt
Scott Noyd

DATE: March 19, 2003

MEMORANDUM OF UNDERSTANDING

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SUBJECT: UNION VISITATION

Union representatives shall have the right to visit the work place to inspect working conditions and to generally carry out the terms of this Agreement providing they report to a designated Company representative upon entering the job site, and so long as such visits do not interfere with operations.

FOR THE COMPANY:

Hector Gonzalez
Michael Grothe
Rex Hofer

DATE: March 19, 2003

FOR THE UNION:

John Honeycutt
Scott Noyd

DATE: March 19, 2003

MEMORANDUM OF UNDERSTANDING

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SUBJECT: EXTRA GANG

The parties agree that the Company may establish an "EXTRA GANG" in each Division. The number of such EXTRA GANG shall not exceed eight percent (8%) of the total number of employees in each Division. The Company will pay the employees for work performed based on the starting rates of the contract at the time of the work. Time worked in the EXTRA GANG, as a steady employee will be counted toward the satisfaction of the time requirements for starting rates, probationary period, and insurance waiting period once the eligible employee leaves the EXTRA GANG. Such time will not be used to compute pay retroactively.

There will be no guarantee or fringe benefits for EXTRA GANG employees. The Company will pay one and one-half (1-1/2) times the regular hourly rate for all hours worked beyond forty (40) in a workweek. However, it is understood that such hours will not be pyramided.

The employees with the most seniority will be required to accept permanent job vacancies in the Division in which they work with consideration for physical fitness and ability. EXTRA GANG employees will be placed on permanent jobs, which are not bid and awarded or assigned to permanent employees on the basis of seniority in the EXTRA GANG. However, it is understood that skill considerations may necessitate minor variations in the case of maintenance personnel. The EXTRA GANG employees will not gain seniority within the bargaining unit until they fill a permanent vacancy and have met the terms of the general contract.

The starting rates set forth above shall prevail during the life of this Agreement.

FOR THE COMPANY:

Hector Gonzalez
Michael Grothe
Rex Hofer

FOR THE UNION:

John Honeycutt
Scott Noyd

DATE: March 19, 2003

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MEMORANDUM OF UNDERSTANDING

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SUBJECT: RECOGNITION CLAUSE

During contract negotiations, the parties reached the following understandings with respect to the Recognition Clause:

KNIFEROOM: The Kniferoom positions will be excluded from the bargaining unit. However, if at some future date, these positions are no longer responsible for the issuing of supplies, inventory of equipment, etc., and it becomes strictly a "knife sharpener" position, it will become a bargaining unit position(s).

LIVESTOCK HANDLERS: Some of the positions handling livestock between the scale and the stunner will be included in the bargaining unit and some will be excluded. The intent of the parties is to include the first four (4) positions from restrainer to the scale (feed restrainer, feed drive alley, drive livestock past wall, and holding pen handler) and the rover position located between the restrainer and scale. The other two (2) positions between the restrainer and the scale are excluded from the bargaining unit. It is further understood and agreed that management has the sole right to move any and all yards employees (bargaining unit and non-bargaining unit) from one position to another to ensure efficient operation of the plant. This may include the placing of a management employee in a bargaining unit position on a temporary basis and the floating of the "rover" position whenever necessary.

TCCS (TRANSCONTINENTAL COLD STORAGE) FREEZER EMPLOYEES: It is agreed and understood that the TCCS employees working in the freezer at the Waterloo facility are not covered by this Agreement in any way whatsoever. It is further understood that these employees were not included in the unit description utilized during the authorization card check conducted on May 25, 1990.

COOKED MEATS EMPLOYEES: It is agreed and understood that the Cooked Meats employees working at the Waterloo facility are not covered by this Agreement in any way whatsoever. It is further understood that these employees were not included in the unit description utilized during the authorization card check conducted on May 25, 1990.

FOR THE COMPANY:

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DATE: March 19, 2003

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SUBJECT: RETIREMENT SAVINGS PLAN

The Company agrees to make available a Retirement Savings Plan to cover employees in the Waterloo plant bargaining unit.

1. Employees shall be able to participate through pre-tax and after-tax contributions on the first workday following completion of ninety (90) days of service. Matching contribution eligibility shall commence on the first day of the first payroll period beginning after the first anniversary of the employee's first hour of service with the company.
2. The Company will match at a rate of fifty cents (\$.50) for each pre-tax dollar any employee contributions made through payroll deduction up to 6% of the employees' annual gross earnings.
3. The Company will make available to eligible employees a Loan Program designed to allow active employees access to their savings. Employees may obtain further details on this new feature through the plant Personnel office.
4. The Company will prepare and file the necessary Plan documents and other required material to commence the Plan.

FOR THE COMPANY:

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Michael Grothe
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DATE: March 19, 2003

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John Honeycutt
Scott Noyd

DATE: March 19, 2003

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SUBJECT: QUICK START

The parties have agreed to a rate progression acceleration program, hereafter referred to as "Quick Start", to waive the starting rate progression on a weekly basis for employees who are performing qualified work on a graded job (a job over base) and who maintain perfect attendance during the week.

For the purpose of Quick Start only, an absence for any reason (other than those listed below) will be considered a violation of perfect attendance and the employee will be paid in accordance with the starting rate progression for the week in which the absence occurred. A tardiness of two (2) hours or more shall be considered an absence and will result in a forfeiture of Quick Start in the week of such tardiness. An accrual of three (3) tardies, each less than two (2) hours, shall be considered an absence in the week of the third (3rd) such tardiness.

Absences for the following reasons will not violate perfect attendance for the purpose of Quick Start:

- 1.) Hospitalization of the employee;
- 2.) Hospitalization or death of the employee's spouse or child;
- 3.) Days compensated under the Funeral, Jury, Injury, or Holiday provisions of the Agreement. (Days need not be compensated in the case of a probationary employee who otherwise would have been eligible for pay);
- 4.) Days previously excused for service in the military reserves;
- 5.) Layoff or time an employee was allowed to go home because of excess crewing; and
- 6.) Excused in advance absences of up to four (4) hours in any one (1) workweek.

An employee also shall become ineligible for Quick Start and therefore be paid under the regular progression where:

- 1.) A non-job owner who is displaced to a grade 0 job by the operation of the seniority article. (A temporary reassignment of a job owner will not cause a loss of Quick Start.
- 2.) An employee who is disqualified from a graded job and moved to a grade 0 job.
- 3.) The employee is moved to a grade 0 job to which the employee bid. (A bid to a graded job, however, will not cause a loss of Quick Start).

Vacation pay will be calculated at the Quick Start rate, provided the employee qualifies for Quick Start the week prior to the vacation.

The Company reserves the right to modify or terminate Quick Start anytime during the life of the Agreement. It is understood, however, that the employees who are participating in Quick Start at the time of such termination will continue to be paid in accordance with the Quick Start program.

FOR THE COMPANY:

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Michael Grothe
Rex Hofer

DATE: March 19, 2003

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John Honeycutt
Scott Noyd

DATE: March 19, 2003

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SUBJECT: INTERRUPTION OF MAINTENANCE MEAL PERIOD

Maintenance employees are not on call during their meal periods. However, in the event a maintenance employee is requested to return to work during a meal period and does so, the employee will be paid straight through the interrupted meal period and will be provided another thirty (30) minute unpaid, uninterrupted meal period. The employee may decline the second unpaid, uninterrupted meal period and receive an additional thirty (30) minutes of pay at the end of shift. Such declination and request for the additional pay shall be made in writing by the employee and presented to the Company no later than the end of the pay period.

FOR THE COMPANY:

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Michael Grothe
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Scott Noyd

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SUBJECT: BID AGING REPORT

The Company will provide, to the plant representative, a copy of the bid aging report on a routine basis.

FOR THE COMPANY:

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Michael Grothe
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DATE: March 19, 2003

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Scott Noyd

DATE: March 19, 2003

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SUBJECT: PAY CHECK SHORTAGES

Payroll errors, of at least \$50.00, will be corrected on Friday (the employee must report the discrepancy to the Supervisor by 1:00 p.m., Friday). All other payroll discrepancies shall be corrected through retroactive pay on the employees subsequent payroll check.

In the event of unforeseen technical difficulties corrections will be made as soon as feasible.

FOR THE COMPANY:

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SUBJECT: DIVERSITY COMMITTEE

The Company and the Union recognize the priority and need to establish an effective program to ensure open lines of communication with the diverse workforce at the Waterloo, Iowa facility. Having recognized this need the Company and the Union have agreed to establish a "Joint Diversity Committee". This Committee is designed to address diversity issues, along with maintaining ongoing communication with the workforce. By establishing this Committee both parties have agreed to constructively work together to improve diversity and communication within the plant.

Membership of the Diversity Committee shall consist of plant management and employee representatives agreed upon by both the Company and the Union. Membership will include Plant Manager, Plant Superintendent, Plant Personnel Managers, Plant Union Representative, A-shift and B-shift Chief Steward and four in the Kill Department (two from upper kill, one A-shift and one B-shift and two from lower kill, one A-shift and one B-shift), one in the Rendering Department, two in the Cut Department (one A-shift and one B-shift), two in the Converting Department (one A-shift and one B-shift), one in the Material Handling Department and one in the Maintenance Department. The Diversity Committee shall meet at least quarterly at a time designated by Plant Management.

FOR THE COMPANY:

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DATE: March 19, 2003

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SUBJECT: LABOR – MANAGEMENT MEETING

The Company and the Union agree to gather at a neutral site, at least once per year, (If necessary, the parties may schedule additional meetings throughout the year) for purposes of enhancing communication between both parties. Each party will be responsible for designating their representatives for attendance purposes. The cost of meeting room accommodations shall be borne by the parties on an alternating basis.

Both the Company and the Union shall submit an agenda at least twenty-four (24) hours in advance of the meeting. Discussion will be limited to the items listed on said agenda, which will not include grievances.

FOR THE COMPANY:

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SUBJECT: ACTIVE BALLOT CHECKOFF

The Company shall deduct an amount from the pay of each employee who is a Union member and who executes an authorization on the standard form used for that purpose by the UFCW Active Ballot Club. The deduction shall be in the amount specified in the check off authorization form signed by the employee. The deduction shall continue for each employee during the life of the Agreement unless such employee revokes his or her authorization in writing. The amount deducted shall be transmitted promptly to the UFCW Active Ballot Club in care of the Local Union, along with an alphabetized list of the employees whose deducted amounts are being transmitted and the amount transmitted for each. The frequency and time of deduction and procedures to be followed in connection with this check off of political contributions will be as close as possible to those followed in connection with the check off of union dues and initiation fees. No check off shall be made in violation of any state or federal law or regulation.

The Union and its Members shall indemnify and hold the Company harmless from any claims, suits, judgments or attachments, and from any other form of liability as a result of making any deduction in accordance with the foregoing authorization and assignment under the conditions permitted by law.

FOR THE COMPANY:

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SUBJECT: UNION OFFICE

The Company will identify and make available furnished office space for the plant representative. The parties agree that all Company office policies will be adhered to by the plant representative and the members. The Company reserves the right to revoke this privilege with a thirty (30) day written notice to the Union.

FOR THE COMPANY:

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SUBJECT: ALTERING HOLIDAY WORK SCHEDULE

If an eligible employee, as defined in Article 22, works a holiday shift that has been altered by the Company and the employee has less than twenty-four (24) hours off between their last regular shift and the altered holiday shift, the Company will pay said employee double time pay for all hours worked on the altered holiday shift.

The twenty-four (24) hour period will begin at the completion of the employee's regular shift prior to the holiday.

FOR THE COMPANY:

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SUBJECT: MEMBERSHIP SOLICITATION

The Company will grant the local Union time during the orientation of new team members for the purpose of soliciting membership into the Union. Such solicitation will be subject to the following restrictions:

1. If there are any problems, if the Union does not abide by the following parameters, or if for any reason the Company chooses, such privilege shall end.
2. The presentation will be given by Union representatives. The time limit for such presentation shall be limited to 15 minutes. The time allotted for such presentation will be changed only by an agreement between the local Union's Business Agent and the plant Human Resources Manager.
3. The presentation must include the following:
 - a) Iowa is a right-to-work state and neither the Union or the Company has a right to force or discourage union membership
 - b) The benefits and conditions of employment under the contract are the same for all employees.
 - c) The dollar amount for union dues, including initiation fees, must be stated.
4. A Management representative may be present throughout all presentations.
5. Threats, intimidation, slander, or any unprofessional behavior by the Union during such presentations will result in termination of this privilege.

FOR THE COMPANY:

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SUBJECT: IMMIGRANT WORKER RIGHTS

The Company agrees to provide time-off to team members who must travel to the appropriate Immigration and Naturalization Service (INS) Office to attend appointments and/or secure necessary documents to maintain their work authorization, citizenship, etc.

The team member must present certification from the INS, which states the date and time of the scheduled appointment as soon as practicable to their immediate supervisor. The period of time needed to attend the appointment or secure documents will be determined on a case-by-case basis with the human resources manager making the final determination.

In the event an employee is terminated as a result of an expired work authorization, the Company will immediately inform the Local Union in writing. An employee, who has been terminated as a result of an expired work authorization, will be given a reasonable amount of time (generally 30 days, but may be extended if the employee is diligent in their attempt to obtain work authorization) to present an updated work authorization and be considered for reinstatement with full seniority and benefits.

FOR THE COMPANY:

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SUBJECT: INTEREST POSTED POSITIONS

The Company agrees to notify the Union in writing of its intent to classify a new or existing position as an interest posted position and/or of its intent to classify a position under the absenteeism point requirement (Article 18, Section 5).

Approvals of such classification must be signed off by the Vice President of Operations and Assistant Vice President of Human Resource Operations and the Local President or Secretary/Treasurer and Business Agent.

FOR THE COMPANY:

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SUBJECT: MULTI-CULTURAL DIVERSITY FUND

The Company agrees to contribute \$20,000 to a joint Multi-Cultural Diversity Fund in the initial year of the new agreement. Each January 1, thereafter the Company will contribute additional monies. The value of the Multi-Cultural Diversity Fund as of January 1 in each subsequent year of the agreement will be \$20,000.

FOR THE COMPANY:

Hector Gonzalez
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SUBJECT: HEALTH BENEFITS DATA REVIEW

Tyson Foods, Inc. will provide the designated representative of the Union, no more frequently than annually, with claims experience data for the most recently concluded fiscal year of the Tyson Foods, Inc. Group Health Plan. The claims experience data will be presented on an aggregate basis, although the Union may request that the aggregate experience data be reported based upon categories of claims, but only to the extent the third party record keeper customarily tracks such categories of claims. The claims experience data will be delivered in the format customarily employed by the third party administrator for the Group Health Plan. In compliance with federal privacy rules, under no circumstances will the claims experience data contain individually identifiable health information. Upon review of any such claims experience data report, the Union will be provided the opportunity to provide related comments to the designated representative of Tyson Foods, Inc.

The Union shall agree to sign a confidentiality agreement prior to the review and/or sharing of any data associated with claims experience.

FOR THE COMPANY:

Hector Gonzalez
Michael Grothe
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FOR THE UNION:

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Scott Noyd

DATE: March 19, 2003

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